

CORRECTED FISCAL MEMORANDUM

SB 2809 – HB 2975

March 31, 2008

SUMMARY OF AMENDMENT (014531): Deletes the language of the original bill. Creates the Lottery for Education After-School Programs Grant Fund, or the LEAP Grant Fund, for the purpose of making competitive and technical assistance grants to eligible institutions that provide after-school educational programs. Requires the Department of Education (DOE) to administer and monitor the grant program. Authorizes the General Assembly to appropriate funds to the DOE for deposit into the LEAP Grant Fund in any fiscal year in which the lottery scholarship program is fully funded and funds are available in the After-School Programs Special Account (ASPSA). Requires grants awarded from the LEAP Grant Fund be limited to a period of three years.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Based on current revenue and expenditure estimates for the Tennessee Education Lottery program, approximately \$5,000,000 in excess lottery funds is anticipated for FY08-09. If the General Assembly appropriates 100% of this excess for after-school programs, it will increase the expenditure of lottery proceeds earmarked for scholarships and grants by \$5,000,000 for FY08-09. Additional funding in subsequent years would be dependent upon the extent of excess lottery revenue, and whether the General Assembly appropriates such excess revenue, or portions thereof, for after-school programs.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On February 29, 2008, we issued a fiscal memorandum for this bill as amended with the following estimated fiscal impact:

Other Fiscal Impact – Any shift of funds from the After-School Special Programs Account to the LEAP Grant Fund is dependent upon action taken by the General Assembly in the appropriations bill. The amount of excess funds estimated to be in the After-School Programs Special Account at the end of FY07-08 is approximately \$6,569,300. Therefore, the General Assembly could appropriate this amount, or

any portion thereof, from the After-School Special Programs Account to the LEAP Grant Fund for the purposes identified by the bill.

Based on additional information provided by the Department of Education, the fiscal impact for this bill as amended is estimated as follows:

(CORRECTED)

Other Fiscal Impact – The Governor’s FY08-09 Budget Document (page B-100) estimates that \$12,900,000 in new funds will be deposited into the After-School Special Programs Account (derived from unclaimed lottery prizes) during FY07-08. Under current law, these funds will be used to fund after-school program grants for FY08-09 that are intended to be grants awarded on an annual basis. In any given year the General Assembly appropriates monies from the After-School Special Programs Account to the LEAP Grant Fund as proposed, such monies will fund after-school program grants intended to be limited to three-year periods of time. Any funds remaining part of the After-School Special Programs Account would continue funding after-school program grants intended to be annual grants. This bill does not impact the total amount of funding available for after-school program grants; it only changes the method by which any available funds are expended.

Assumptions applied to amendment:

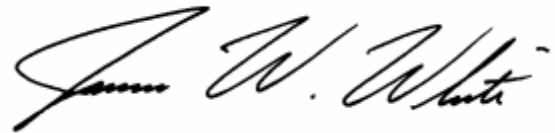
- The balance in the ASPSA as of June 30, 2007 was \$8,803,117.
- According to the Department of Education (DOE), it expends funds for existing after-school programs in the fiscal year subsequent to when funds are deposited into the ASPSA. As a result, the balance of the ASPSA as of June 30, 2007 was funding that has either already been expended or is currently planned for expenditure for existing after-school grants for the current fiscal year (FY07-08). DOE indicates that 100 percent of these funds are to be expended by the end of FY07-08.
- The Governor’s FY08-09 Budget Document (page B-100) estimates that \$12,900,000 in new funds will be deposited into the ASPSA (from unclaimed lottery prize money) during FY07-08. According to DOE, and under current law, these monies will fund annual after-school programs for the next fiscal year (FY08-09).
- Based on the number of awards, the extent of those awards, and the number of students being served for FY07-08, DOE indicates that 100 percent of the estimated \$12,900,000 will be expended during FY08-09.
- This bill authorizes the General Assembly to appropriate funding from the After-School Special Programs Account to the LEAP Grant Fund for

the purpose of limiting after-school program grants to three-year periods.

- Any funds appropriated by the General Assembly from the After-School Special Programs Account to the LEAP Grant Fund will be used to fund after-school grants that will be limited to three-year periods. Any funds remaining part of the After-School Special Programs Account could continue to fund annual grants.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc